The Pageant of North Carolina Currency

The distinctive evolution of North Carolina money adds perspective to our understanding of the American experience and the development of numismatics.

In many ways, the story of the development of money in North Carolina parallels the unfolding of numismatic history in the rest of United States. However, North Carolina’s currency also shares many elements with that of its sister states throughout the South, and possesses some rare and unique components that make it truly interesting on a local level.

Brave, New World

North Carolina’s swampy coastline initially proved a deterrent to settlement, and the colony was one of the last of the original 13 to take root and grow. However, once on a permanent footing, North Carolina employed most of the economic conventions used throughout English North America. Early monetary forms, however, were shaped by the circumstances and necessities of survival in the New World.

The first Europeans to visit the Eastern seaboard found abundant forests teeming with fur-bearing animals and rivers alive with fish—but no gold or silver. Yet these early settlers equated the term “money” with coinage. By the middle of the 17th century, an economic crisis was looming, and people used to the mercantile tradition were searching for alternate means of exchange. When North Carolina came into existence several decades later, she found herself traveling trails already blazed by others, and therefore using monies of many kinds.

Although British money was the theoretical standard in the 17th century, the denizens of English North America became far more familiar with the coins of Spain and Spanish America—especially the piece of...
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eight (also known as the real de a ocho, peso, dura, Spanish dollar or Mexican dollar). In time, New World settlers became so accustomed to this popular and available coin that they based their entire monetary system on it. In fact, a portion of the design on early pieces may have inspired the dollar sign—just as the piece of eight itself inspired the creation of the American dollar.

Spanish-American coinage predominated in trade when coinage was used, but it did not have an exclusive claim on colonial affections. In practice, Americans were so coin-starved they would have grabbed any form that found its way into the neighborhood in legal or illegal trade. If you could test it, weigh it and put a value on it, then someone, somewhere, would use it for money.

But all the coinage in circulation represented only a fraction of the money required for daily transactions. Colonists took up the slack in various ways. Adapting to their new environment, they used monetary media that were easy to quantify, such as pelts, wampum (shell beads), nails and tobacco. They also bartered one commodity for another, conducting business on paper and settling up by formal payment much later. They even introduced a dynamic, new medium never before issued and guaranteed by public authority in the Western world—paper currency. It was with this new medium of exchange that the distinct numismatic history of North Carolina really began.

The Necessity of Paper Money

The use of paper currency was shaped by the demands of war. In 1690, when the colony of Massachusetts-Bay was asked to lend assistance in the first of England’s interminable series of attempts to wrest Canada from the French, local authorities in Boston hit upon the idea of issuing paper certificates to purchase supplies and hire troops. They could do so because the Crown promised to reimburse the colony in specie for its pains once the war was over. Extending this line of reasoning fostered a momentous idea: since everybody knew paper represented

North Carolina first issued paper money to pay for defense. This 1729 issue is one of the earliest extant specimens.
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“real” money, why not leave it in circulation rather than retire it at the close of the conflict? The paper would circulate and bolster local trade. The plan was tried, and the economy benefited accordingly.

The other colonies watched the Massachusetts experiment with great interest. Faced with a similar demand for assistance in 1703, South Carolina responded in the same fashion. New Hampshire, New York and Connecticut followed. Then it was North Carolina’s turn, with the colony issuing paper in 1712 and 1713, 1715, 1722 and 1729, all in the pursuit of defense (in this case, against Indians rather than Frenchmen). No notes survive from the first three issues. At least one is known from 1722, and the Smithsonian Institution’s National Numismatic Collection has specimens from 1729.

Foiling the Fakes

North Carolina’s early notes shared many characteristics common to other colonial currency. The notes were simple and fairly small (good paper was at a premium). They were signed by a number of worthies, the general idea being that there was a direct relationship between the number of signatories and the note’s validity. There even were modest attempts to ward off counterfeiting, which had already become a problem for the colony.

The North Carolina issues were atypical in at least one respect. They were handwritten in their entirety, as the colony had no printer. Consider the confusion when one note was deemed genuine, but another was
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condemned as counterfeit. Such handmade fakes—as well as the urgent need for simply more circulating paper money—spurred the incorporation of printing into the currency production process in the mid 1730s. Soon many of the 1729 notes were replaced with new, printed issues that featured fancy side borders and small vignettes. Early printings, however, were imports, created either in Charleston, South Carolina, or Williamsburg, Virginia. The colony’s own printer did not arrive until 1749.

Most early North Carolina paper was printed from engraved copper plates. The other production method then available was typeset printing, which was employed on occasion in the 1750s and 1760s. A 1768 note displayed a warning against counterfeiting—not once, but twice. The warnings were deemed necessary because if legitimate printers found it easier to produce notes in this fashion, so did forgers.

The way colonial currency was created and handled is suggested by a group of notes from the December 1771 issue. One engraved copper plate was responsible for three different notes, each with its own vignette. Once printed, the uncut sheets were bundled in a continuous sequence of 50. It is not known whether this was a common practice intended to facilitate the transfer of large sums of money, or the notes never reached the final stage of production (wherein they were cut and put into circulation).

Independence and Statehood

The American Revolution wreaked havoc on the colonies’ monetary system. It was inevitable that both the new states and the ad hoc federal government (the Continental Congress) would issue paper to pay for the war. There was little choice, for the insurgents lacked the time and raw materials to strike a significant coinage. Reliance on paper money in this instance posed some serious drawbacks. First, the British were unlikely to reimburse Americans for their participation in the conflict. Second, as the war dragged, public faith in the currency suffered and finally evaporated.

The national notes were called “Con-
AMERICANS WON THE Revolution in spite of their monetary system . . . Continental Currency had depreciated 97.5 percent . . . by war’s end . . .

continental Currency” and, when all was said and done, Congress circulated nearly a quarter billion dollars’ worth. Continental Currency was pegged (on paper, at least) to the “Spanish milled dollar.” However, eventually $40 dollars in currency was needed to buy one piece of eight—if you succeeded in finding anybody gullible enough to make the swap. Massive counterfeiting eventually inspired bi-color printing, but by then the notes were not worth forging anyway.

North Carolina’s early revolutionary notes closely resemble its late colonial issues. Baltimore silversmith Gabriel Lewyn prepared plates for every conceivable denomination, a necessity for making change in such a coin-poor environment. His vignettes often reflected prevailing social sentiment. Consider, for example, his early representations of an American eagle, with the motto DEUS NOBISCUM (May God Be with Us); the first American flag (with its hallmark GL at lower left) on a $7¼ bill; and a rattlesnake with the famous motto DON’T TREAD ON ME for the $20 bill, the highest denomination in the series. Another indication that the colonies were en route to independence was suggested by a note for ¼ dollar, derived from an old coin, the Mexican half real.

As the need for currency grew, North Carolina’s printers abandoned intaglio printing in favor of the typeset method, sacrificing deterrents to fraud for increased production. The notes were not widely counterfeited, which might have had more to do with their declining value than anything else. These later insurgent notes rendered in print the same patriotic messages Lewyn had depicted in images. The result was the 18th-century equivalent of the “sound bite”—a trenchant phrase meant to shore up American morale and rattles the enemy.

Americans won the Revolution in spite of their monetary system. While Continental Currency had depreciated 97.5 percent in relation to real money (the Mexican dollar) by war’s end, only the most solvent state currencies even matched this degree of decline. Unfortunately for North Carolinians, by the end of 1781 it would have taken $725 worth of the state’s paper to buy a single piece of eight. (Actually, the monetary collapse was not as catastrophic as it might seem. Many colonists
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essentially functioned outside the money economy, and those who were part of it might have argued that a feeble currency was a modest price to pay for the blessings of liberty.)

Monetary Reorganization

The paper fiasco of the Revolution had a profound influence on the development of American numismatics over the next century. Discontent with certain aspects of the country’s legal framework (the Articles of Confederation) led to a new federal compact, drawn up in 1787 and in place by 1789. The provisions of the United States Constitution were based on immediate past experience, especially from the viewpoint of members of the seaboard business community, who had grown disheartened with the way things had gone in the first few years after Yorktown.

The powers of the central government were expanded at the expense of those of the states. One of these shifts in power was connected to money—who could issue it and who could not. Henceforth, the states could not circulate “bills of credit” (i.e., paper money). Nor could they strike or circulate their own coinage, which a number of them were doing in the mid 1780s. The federal government therefore would enjoy a monopoly in coinage and presumably in the production of paper currency, although the Constitution was silent on that point (primarily because the business community, which had been savaged by unsupported federal currency during the war with England, realized a loophole might be a very handy thing to have one day).

With the national government possessing the sole power to strike coins, and the states relinquishing their right to print paper money, Alexander Hamilton and the framers of the new Constitution had put themselves and their new nation under an enormous obligation. If the federal government proclaimed that it had the sole right to supply money, then it had better begin doing so.

The Mint Act of 1792

The federal government set about securing passage of the Mint Act in 1792. The Act created a federal coiner at the national capital (Philadelphia); determined the denominations and metallic compositions of an entire column of coinage (all
based on society's old mainstay, the Mexican dollar; prescribed designs for the coins; and determined who would be needed at the new Mint and how much they would be paid. But there was a slight problem. Hamilton and his Federalists might pass as many regulations as they pleased, but they still lacked the basic ingredient for the success of any coinage scheme: availability of precious metals. The aspiring coiners had to recognize that fact and take appropriate measures.

The Federalists and a number of others did just that. A mint was set up and off to a sputtering start within a year or so. It was not terribly efficient, and it would be a number of years before Americans saw many of its products. Instead, the citizenry used other people's coins (and were allowed to do so by a realistic law passed at the beginning of 1793, just as the United States Mint was opening its doors). They also resorted to barter, especially for transactions on the lower end of the scale, and they used paper money. But since the new federal government had prohibited the states from issuing currency (and had removed itself from any similar obligation, at least for the time being), they used privately issued bank notes.

**Private Bank Notes**

**BE TWEEN 1782 AND 1866,** the private bank note was the driving force of United States commerce. During this time, flim-flam and fraud abounded. Speculation and peculation led approximately 8,000 banks and other entities (including insurance companies, and even a hotel and an orphanage) to set up business, issue money and fall into bankruptcy—often fleeing in the middle of the night. However, without the notes launched into circulation during this energetic (if not honorable) economic era, many of the cities, farms, factories and railroads that embodied the miracle of America's antebellum growth would have failed to materialize.

The Bank of Cape Fear and the Bank of New Bern were the first issuers of private notes in North Carolina, both receiving charters in 1804. In time, they would be joined by some 30 additional issuers scattered from Charlotte to Yanceyville. The first bank notes were
quite simple, featuring small, if any, pictorial elements. Since each printing plate was engraved entirely by hand, simplicity—along with a modicum of security features—was the rule.

Beginning in the 1820s, innovations in printing technology (engraving on hard steel rather than on soft copper, in particular) radically improved the quality, security and output of notes. For the next four decades, American bank notes set the standard both in artistic beauty and sheer numbers printed. The variety of designs was enormous and so, therefore, was the potential for counterfeits.

A Cultural Reflection

North Carolina’s private bank notes displayed a unique perspective. Individually and collectively, they revealed a good deal about the young society. The notes were predominantly the product of white, male bankers, artists and printers, and consequently reflected their beliefs and biases. For example, lazy or supine natives constantly were contrasted with industrious whites—often on opposite sides of the same vignette (as on a $4 bill from the Bank of Washington).

African-Americans also were a major pictorial element on the notes, although not until after the heightening of sectional tensions in the 1850s. At first, images of whites simply were retouched to give them more African features. Then distinctly Southern, conceptual images of content African-Americans and the alleged wholesomeness of slavery became popular. A note from the Bank of Wadesborough is a case in point. (It also features back printing, which is common on Southern notes, but much rarer on Northern ones.) However, this currency displayed essentially neutral scenes from everyday life as well, such as a bustling view of the waterfront on a note from New Bern’s Bank of Commerce or people on the shore watching a ship in distress on a $10
Private banks in North Carolina ran out of Northern-printed notes early in the Civil War. Local substitutes were of mixed quality. The Bank of Lexington's $5 note (top) was a valiant, if flawed effort. The Bank of Roxboro's $5 bill (bottom) spoke of Southerners' general sense of frustration by announcing TEMPORARY ISSUE UNTIL A [PROPER] PLATE CAN BE HAD.

bill from the Bank of Wilmington.

Another interesting aspect of North Carolina currency was the penchant for odd denominations. People rather liked $4 bills for reasons that remain unclear, and customary usage decreed that many banks issue these popular notes. Odd denominations also were necessary to make change. Until shortly before the Civil War, most transactions beyond barter utilized paper money. If you purchased some merchandise for $3 and handed the storekeeper a $10 bill, for example, a $7 bill was handy to have in the till. The reason this is interesting historically is that it suggests that the Republic, including North Carolina, lacked coinage during much of the 19th century.

Public and Private Mints

The Philadelphia Mint began striking copper cents and half cents in 1793. Silver (half dimes, half dollars and dollars) was added to the roster in 1794, and gold the next year. By 1796 the Mint was striking limited quantities of 10 legally designated denominations.

The facility labored under tremendous difficulties. Its equipment was ancient. A succession of Congressmen accused its managers of everything from speculation to sloth and nearly succeeded in shutting it
THE ENTERPRISING Bechtler clan, doing business in and around Rutherfordton, rushed in to fill the void. Their coins were of high quality, if simple in design.

The "bank panic" of the 1930s propagated a new localism, with banks issuing their own emergency money. Cumberland County used stamps on the backs of its notes to make sure the money was spent within a specified time and to show that North Carolinians were doing their bit during the dark days of the Depression.

Matters were somewhat more complex in North Carolina. Gold was discovered in the far western section in 1799. The strike was modest, but by the later 1820s a goodly number of people had established claims. Much of the gold went to augment the slender supplies on hand at the United States Mint, but a fair amount of it remained locally. By the beginning of the 1830s, two private coiners had set up shop—one in Georgia, the other in North Carolina.

Between 1831 and 1850, an enterprising German family named Bechtler operated in North Carolina, striking gold dollars (the first of their kind), quarter eagles ($2 1/2) and half eagles ($5). How did they (as well as a lone Georgian named Templeton Reid) get away with issuing their own coins when the Constitution prohibited states from doing so? Well, there was no federal prohibition of private coinage, because the framers of the Constitution had assumed the new Mint would render the activity irrelevant. It didn’t, and the enterprising Bechtler clan, doing business in and around Rutherfordton, rushed in to fill the void. Their coins were of high quality, if simple in design.

This, combined with the presence of gold (and the unexpected competition), soon inspired the federal government to set up a branch mint in Charlotte. The new facility’s coins debuted in 1838 with a special mintmark ("C," of course). However, production never was immense and always was restricted to the smaller denominations in the gold series. The fascinating fact remains, however, that North Carolina had a national mint for a number of years.
AS AN ACT of necessity as well as sovereignty, seceded Southern states met expenses [during the Civil War] by issuing their own money.

Legacy of the Civil War

The Charlotte Mint closed in the spring of 1861, as North Carolina and the nation were overtaken by the Civil War. As an act of necessity as well as sovereignty, seceded Southern states met expenses by issuing their own money. Neither the new Confederate government nor any of the insurgent states, however, possessed the leisure to strike coins. And while Lincoln’s government certainly had the means, it also lacked the time and inclination to mint coins that probably would have been hoarded anyway. Both sides fought the war with paper.

In North Carolina, paper money functioned on several levels simultaneously. There were national issues—products of the new Southern Confederacy—disbursed initially from the Confederate capital in Montgomery, Alabama, but engraved and printed in the North. Lacking the means for intaglio currency production, the Confederacy turned to the lithographer’s stone as the war progressed. The first efforts were crude, as printers learned their craft as they went along. Soon, however, they were turning out handsome work.

On the local level, North Carolina, like all Confederate states except South Carolina, circulated its own paper money. It tapped a number of local sources for the work, including John Spelman (who printed the state’s laws as he produced a portion of its money) and the North Carolina Institute of Deaf and Dumb Printers (which, because paper was scarce, printed on the blank backs of earlier notes from the Bank of the State of North Carolina). The results were uninspired, and the state looked farther afield to an inept New Orleans printer, Jules Manouvrier; a Charlestonian, Bornemann; and, finally, to J.T. Paterson & Company of Augusta, Georgia. Paterson’s people supplied the state with its notes for the remainder of the war. Its products were always workmanlike and occasionally attractive.

Local jurisdictions (such as counties and cities) also produced money. For example, an 1864-dated $50 bill from Warren County must have been one of the last local notes to have been printed, its high denomination reflecting the ravages of inflation at this late point in the war. An earlier 10-cent note from Elizabeth City employed visuals inspired by the War for Independence.

Issuers of North Carolina emergency currency include the City of Gastonia, Guilford County and Pinehurst, Incorporated.

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What about the traditional suppliers of currency—private banks? Many of them ran out of Northern-printed notes a year or two into the war and simply quit issuing paper. Others turned to homemade expedients and local printers. The results were mixed. The unnamed lithographer responsible for the wartime Bank of Lexington $5 bill tried his best, but was no match for Northern printers. Another $5 bill from the Bank of Roxboro spoke for all Southern issuers during difficult times, with an inscription candidly announcing it was a TEMPORARY ISSUE UNTIL A [PROPER] PLATE CAN BE HAD.

At war’s end, Confederate currency became worthless. The war changed the face of American money, reintroducing federal paper currency and ending the era of private bank notes. Private coinages in any metal also were prohibited. There would be only one issuer of coinage and currency—the federal government.

Standardization of the source and form of money was tentative at first. National Bank notes took the place of the private currency of prewar days. In the South, this currency was the product of new, federally chartered banks established during and after the Reconstruction. Each denomination bore a single design. However, this money was signed by real people and bore the names of real places and banks, thereby suggesting that the spirit of numismatic localism was alive, if not particularly well.

This new centralization of currency later became the casualty of another time of turmoil—the Great Depression. But the economic emergency of the 1930s, paradoxically enough, also generated a flowering of distinctive, local money, both in North Carolina and across the nation.

New Localism

The origins of the new localism lay in a banking panic that began in earnest in the autumn of 1932 and spread across the country over the next five months. When President Franklin Delano Roosevelt took office on March 4, 1933, he found “bank holidays” to be common in virtually all 48 states. His response two days after taking office was to declare a “national” bank holiday, wherein financial institutions across

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the country would stay closed until March 9. During these dark days, federal bank examiners were sent out to investigate the financial records of each institution. Sound banks would be allowed to reopen, unsound ones would stay closed. During the banking holiday, and even for some months after, the nation faced a critical shortage of circulating money. People took matters into their own hands. From Hawaii to Maine, ingenious citizens created emergency monies for circulation, printing on everything from wood and paper to leather and fish skin.

North Carolina shared in the process. Cumberland County issued emergency money that had to be spent within a specified period of time. The idea was to get and keep money in circulation. Local users had to purchase and affix small stamps to the backs of these emergency notes within a particular time frame to prove they were doing their part. The City of Gastonia issued its own money in denominations of $1, $2 and $5. The Guilford County Commissioners followed suit with two issues: one launched in April 1933, the other circulated some four months later. And a business in Pinehurst issued its own money in a choice of four colors, one for each of four denominations.

All of this localism was short-lived, however. Roosevelt’s government tended to view the Depression from a purely national perspective. Local monetary expedients, including the venerable National Bank note, soon fell from favor and into eclipse. The path to the future had been marked clearly by the mid ’30s. Currency would adhere to a single design and originate from a single source—the Federal Reserve System.

Coinage, of course, would continue to be the responsibility of the federal government—although modest latitude allowed for commemorative half dollars celebrating local persons, places and anniversaries for
a succession of worthy causes. North Carolina had a commemorative of its own: a 1937 50-cent piece paying homage to Roanoke Island, Virginia Dare and Sir Walter Raleigh (whose portrait bore an uncanny resemblance to Errol Flynn).

On to the Millennium

These special commemorative coinages ended with the outbreak of World War II. The ensuing half-century has seen virtually complete numismatic consistency. But North Carolina had something to say about the U.S. Mint’s proposal for a new S1 coin in the late 1970s. The coin, which carried a portrait of Susan B. Anthony and was dangerously close in size to the Washington quarter, was given a “thumbs down” by the Research Triangle Institute (RTI) in Raleigh, the firm hired by the Mint to conduct feasibility studies. However, the RTI’s recommendations were ignored, and, considering the final form of the coin, North Carolina probably was better for having stayed out of it.

The state still has one type of money of a distinctive stripe and eventually will have another. The first is bank cards, which can and frequently do bear designs of local interest, imagery that often is a refreshing change from the deadening conformity of our circulating paper. And soon there will be a distinctively North Carolinian coin in our pockets, the first one to actually circulate since the days of the Bechtler family.

In two years, North Carolina will introduce its entry in the United States Mint’s 50 State Quarters™ Program. This 10-year series of 25-cent pieces, which began early this year, will bear the familiar portrait of George Washington on the obverse and a distinctive image representative of a state on the reverse. The coins will be released—five per year—in the order the states ratified the U.S. Constitution or were admitted to the Union. As the twelfth state to join, North Carolina will have its turn in the year 2001—an appropriate, dramatic entrance into the new millennium.

Richard G. Doty is curator of numismatics at the Smithsonian Institution. A regular contributor to THE NUMISMATIST, his most recent article, “Making Do: Local Currency in Wartime Virginia” (September 1998), won a first-place Wayne and Olga Raymond Memorial Literary Award for original and comprehensive research in United States numismatics.

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